

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 USIE-00 L-03 FRB-03
OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01
STR-04 TRSE-00 CEA-01 SSO-00 INRE-00 AF-08 ARA-06
EA-07 NEA-10 /099 W
-----291209Z 023271 /11

O R 291100Z MAR 77
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6265
INFO USMISSION EC BRUSSELS
USMISSION USUN NEW YORK
USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 2359

DEPT FOR EB/ORF - BOSWORTH AND WENDT

E.O. 11652: GDS
TAGS: UNCTAD, EGEN
SUBJECT: UN CONFERENCE ON A COMMON FUND: GROUP B DECISION OF
POSSIBLE OUTCOMES

REF: (A) GENEVA 2348, (B) GENEVA 2347, (C) GENEVA 2344

1. FIRST RAPID GO-ROUND WITHIN GROUP B (DEVELOPED COUNTRIES)
ON POSSIBLE STRATEGY FOR THIS LAST WEEK OF CURRENT COMMON
FUND MEETING, FOLLOWING G-77 PRESENTATION OF ITS DRAFT
CONFERENCE DECISION IN COMMITTEE OF THE WHOLE THIS MORNING
(REFTEL C) COVERED A VARIETY OF POSSIBLE APPROACHES.
GROUP B SPOKESMAN BARRASS SUBMITTED TO GROUP TWO
TEXTS, ONE A DRAFT GROUP B POSITION PAPER CONTAINING
PRINCIPLES GOVERNING A COMMON FUND (REFTEL A), THE OTHER
A DRAFT CONFERENCE DECISION (REFTEL B). HE NOTED THAT
THESE COULD BE USED IN A VARIETY OF WAYS, I.E., AS BACKGROUND
FOR ORAL STATEMENTS, AS COUNTER-DRAFTS TO G-77 DRAFT, AS
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SEPARATE GROUP B PAPERS TABLED FORMALLY AT THE END OF THE
CONFERENCE TO EXPLAIN OUR OWN VIEWS ON A FUND, OR SIMPLY
AS A BASIS FOR ORGANIZING GROUP B ASSESSMENT OF G-77
PROPOSALS, INCLUDING LETTER'S DRAFT DECISION.

2. DISCUSSION REVEALED A WIDE VARIETY OF VIEWPOINTS ON
POSSIBLE OUTCOMES OF THE CONFERENCE. ON THE ONE EXTREME

ARE THOSE (NORWAY AND NETHERLANDS, WITH SOME QUALIFICATIONS) WHO WOULD BE ABLE TO ACCEPT MOST OF G-77 DRAFT, I.E., NOT JUST STATEMENT THAT CONFERENCE DECIDES TO ESTABLISH A CF, BUT THAT (A) MAIN FUNCTION OF CF WOULD BE TO CARRY OUT IPC (INTEGRATED PROGRAM FOR COMMODITIES), (B) CF TO BE CENTRAL SOURCE OF FINANCES -- ALTHOUGH THERE ARE IMPORTANT DIFFERENCES BETWEEN DESCRIBING CF AS "THE" CENTRAL SOURCE

OF FINANCING AND "A" CENTRAL SOURCE OF FINANCE -- AND (C) THAT CF SHOULD COVER MEASURES OTHER THAN BUFFER STOCK FINANCING.

3. ON THE OTHER HAND, COUNTRIES SUCH AS U.S., CANADA, AUSTRALIA AND POSSIBLY JAPAN ARE NOT YET READY TO COMMIT THEMSELVES IN PRINCIPLE TO ANY FUND. IN BETWEEN ARE THE EC COUNTRIES WHICH ARE COMMITTED IN PRINCIPLE -- SOME RELUCTANTLY AND SOME WITH ENTHUSIASM -- TO ESTABLISHMENT OF FUND FOLLOWING ROME COMMUNIQUE, A COMMITMENT WHICH WILL INFLUENCE OTHERS (REMAINING SCANDINAVIANS, SWITZERLAND, PROBABLY AUSTRIA, SPAIN, ETC.), TO FOLLOW THEIR LEAD, ALTHOUGH SOME COULD ACCEPT G-77 VERSION OF FUND. HOWEVER CRACKS IN ROME COMMUNIQUE ALREADY APPARENT. GERMANS IN GROUP B ARGUED THAT FINAL RESOLUTION SHOULD NOT CONTAIN COMMITMENT "IN PRINCIPLE" TO CF, WHILE DUTCH ARGUED THAT COMMON GROUP B POSITION IMPOSSIBLE TO ATTAIN. AS EFFORTS ARE MADE TO USE ANY LANGUAGE OTHER THAN ROME TEXT, EC COUNTRIES WILL ALL HAVE OWN INTERPRETATIONS AND EC COORDINATION WILL BE A CRITICAL PROBLEM DURING REMAINDER

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OF CONFERENCE.

4. RESULT OF THIS MIX IS THAT -- SEEN FROM GROUP B VIEW-POINT -- A NUMBER OF OUTCOMES ARE POSSIBLE. A FINAL RESOLUTION (NOT ACCEPTABLE TO U.S.) MIGHT INCLUDE A COMMITMENT IN PRINCIPLE TO A FUND -- PROVIDED RECALCITRANTS CAN BE BROUGHT INTO LINE -- YET ALSO SET FORTH AN ALTERNATIVE CF CLEARLY DIFFERENT FROM G-77 VERSION. GROUP B COUNTRIES' THINKING NOT YET FAR ENOUGH TO BE PRECISE ON FORM AND FUNCTIONS OF A FUND, BUT EVEN GENERAL LANGUAGE SUCH AS "ACCEPTABLE TO BOTH DEVELOPED AND DEVELOPING COUNTRIES" MIGHT BE A SUFFICIENT QUALIFIER.

5. AN ALTERNATIVE PROCEDURE WOULD BE TO KEEP THE COMMITMENT IN PRINCIPLE IN THE RESOLUTION AND NOT ATTEMPT TO SPECIFY WHAT SORT OF A FUND IS INTENDED. A FORMAL GROUP B STATEMENT OR PAPER COULD BE MADE OR TABLED SIMULTANEOUSLY WHICH WOULD NOT BIND G-77, BUT WOULD MAKE GROUP B POSITION ON FUND CLEARER IN SOME FUNDAMENTAL ASPECTS, E.G., THAT

IT MUST OPERATE THROUGH INTERNATIONAL COMMODITY AGREEMENTS, CANNOT INTERVENE DIRECTLY IN MARKETS, PROBABLY COULD NOT INCLUDE FINANCING OF OTHER MEASURES, ETC. LIKELIHOOD OF MEANINGFUL STATEMENT IS INCREASED IF EXTREME GROUP B COUNTRIES ARE EXCLUDED FROM GROUP B STATEMENT ALONG THESE LINES.

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COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01
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TO SECSTATE WASHDC IMMEDIATE 6266
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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 2359

DEPT FOR EB/ORF - BOSWORTH AND WENDT

6. AN ADD-ON TO EITHER OF ABOBE POSITIONS WOULD BE PARAGRAPH ON FUTURE WORK PLAN OF CONFERENCE, BOTH WITH RESPECT TO NEXT SESSION OF CONFERENCE AND TO ESTABLISHMENT OF INTERSESSIONAL WORKING GROUP AND ITS TERMS OF REFERENCE. IF THERE IS A TOTAL BREAKDOWN IN THE NEGOTIATING PROCESS, IT MIGHT ALSO BE POSSIBLE TO PASS A CONFERENCE DRAFT DECISION WHICH COVERED ONLY THESE PROCEDURAL ASPECTS, WITHOUT ANY STATEMENT OF PRINCIPLE OR POINTS OF AGREEMENT.

7. A FINAL POSSIBILITY -- THIS TIME SEEN MAINLY FROM THE PERSPECTIVE OF THE U.S. -- IS THAT OF A DECISION OR RESOLUTION BY THE CURRENT CONFERENCE TO WHICH ALL PARTIES DO NOT AGREE. IN THIS CASE, THE FINAL OUTCOME MIGHT BE AS IN PARA 4 ABOVE OR SOME VARIANT, BUT WITH INDIVIDUAL COUNTRIES DISSENTING. HERE, AS AT NAIROBI, A BINDING RESOLUTION WOULD BE PASSED SETTING UP A COMMITMENT ON A CF FOR MOST COUNTRIES AND AN ONGOING WORK PROGRAM TO WHICH THESE COUN-

TRIES WOULD AGREE, WITH DISSENTING COUNTRIES, AS AT NAIROBI,
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UNDER HEAVY PRESSURE LATER TO ASSOCIATE THEMSELVES WITH
THE PROCESS.

8. THERE ARE ALSO PROCEDURAL VARIANTS WHICH WILL NEED
EXPLORING AS THE FINAL WEEK PROGRESSES, E.G., NON-
BINDING SUMMARY BY CHAIRMAN WHICH CONTAINS SOME OR ALL
OF POINTS LISTED ABOVE. WE WILL REPORT ON THESE AS
THEY DEVELOP AND ARE EXAMINED BY THOSE SERIOUSLY SEEKING
COMPROMISE SOLUTIONS.

9. AT THIS JUNCTURE, IT IS TOO EARLY TO PREDICT WHAT
THE FINAL OUTCOME MIGHT BE. THE NEXT SEVERAL DAYS WILL
UNDOUBTEDLY BE DEVOTED TO INTERNAL GROUP B CONSIDERATION
OF THESE OPTIONS WHILE THE G-77 CONTINUES TO INSIST ON
ITS OWN POSITION AS INCORPORATED IN ITS OWN DRAFT
RESOLUTION. SORENSON

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